

**ALBERTA SECURITIES COMMISSION**

**PARTIAL REVOCATION ORDER**

**Under the securities legislation of Alberta and Ontario (the Legislation)**

**Citation: Re Silk Road Energy Inc., 2019 ABASC 162**

**Date: 20191024**

**Silk Road Energy Inc.**

**Background**

1. Silk Road Energy Inc. (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the regulator or securities regulatory authority in each of Alberta (the **Principal Regulator**) and Ontario (each a **Decision Maker**) respectively on February 1, 2019.
2. The Issuer has applied to each of the Decision Makers for a partial revocation of the FFCTO.
3. This order is the order of the Principal Regulator and evidences the decision of the Decision Maker in Ontario.

**Interpretation**

Terms defined in National Instrument 14-101 *Definitions* or in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* have the same meaning if used in this order, unless otherwise defined.

**Representations**

4. This decision is based on the following facts represented by the Issuer:
  - (a) the Issuer was incorporated on November 9, 2010 by Certificate of Incorporation issued pursuant to the *Business Corporations Act* (Alberta);
  - (b) the Issuer's head office is located at 229, 52477 Highway 21 Sherwood Park, Alberta T8A 6K2;
  - (c) the Issuer is a reporting issuer in the provinces of Alberta, British Columbia and Ontario. The Issuer is not a reporting issuer in any other jurisdiction;
  - (d) the Issuer is listed on the TSX Venture Exchange under the stock symbol SLK;
  - (e) the authorized share capital of the Issuer is comprised of an unlimited number of common shares without par value (**Common Shares**) and an unlimited number of preferred shares (**Preferred Shares**) of which, as of the date hereof, there are 12,012,788 Common Shares issued and outstanding and no Preferred Shares outstanding;

- (f) the FFCTO was issued by the Decision Makers due to the failure of the Issuer to file its annual audited financial statements, annual management's discussion and analysis and certification of annual filings for the year ended September 30, 2018 (the **CD Materials**);
- (g) Subsequent to the failure to file the CD Materials, the Issuer has not filed any further financial statements or any continuous disclosure documents required by applicable securities legislation (the **Subsequent Filings**);
- (h) other than the failure to file the CD Materials and Subsequent Filings, the Issuer is not in default of the securities legislation in any jurisdiction and the Issuer's SEDAR and SEDI filings are up-to-date;
- (i) the Issuer seeks to vary the FFCTO to permit the Issuer to complete a private placement (the **Private Placement**) of units of the Issuer (**Units**), each Unit consisting of one Preferred Share and one Preferred Share purchase warrant, for gross proceeds of up to \$185,000, to one or more subscribers, solely in order to cover all costs and fees (which includes audit fees, professional fees, late filing fees and any other applicable fees) that are related to the fulfillment by the Issuer of all of its disclosure obligations and in order to file all the financial statements and related certifications for all previously ended financial years and interim periods since the date of the FFCTO as required by applicable law and to provide it with sufficient working capital to continue its operations until it can apply for and receive a full revocation of the FFCTO;
- (j) the Private Placement will be conducted on a prospectus exemption basis with investors in the United States, offshore jurisdictions and in Ontario who satisfy the accredited investor exemption contained in Section 2.3 of National Instrument 45-106 *Prospectus Exemptions*;
- (k) the Issuer reasonably expects the proceeds from the Private Placement will be used in a manner consistent with the table below:

Legal Fees	\$70,000
Audit Fees	\$50,000
Late Filing and Participation Fees	\$15,000
Accounting Fees	\$30,000
Registrar and Transfer Agent Fees	\$10,000
General and Unallocated Working Capital	\$10,000
Total	\$185,000

- (l) as the Private Placement will involve trades in securities of the Issuer (including, for greater certainty, acts in furtherance of trades in securities of the Issuer), the Private Placement cannot be completed without a variation of the FFCTO;

- (m) the Issuer reasonably expects that the proceeds raised from the Private Placement will be sufficient to bring its continuous disclosure up to date and to apply for a full revocation of the FFCTO and pay all outstanding related fees;
- (n) within a reasonable time following the completion of the Private Placement, the Issuer intends to apply for a full revocation of the FFCTO.
- (o) Upon issuance of this order the Issuer will issue a press release announcing the order and the intention to complete the Private Placement. Upon completion of the Private Placement, the Issuer will issue a press release and file a material change report. As other material events transpire, the Issuer will issue appropriate press releases and material change reports as applicable.

**Order**

- 5. Each of the Decision Makers is satisfied that a partial revocation of the FFCTO meets the test set out in the Legislation for the Decision Maker to make the decision.
- 6. The decision of the Decision Makers under the Legislation is that the FFCTO is partially revoked as it applies to the Issuer solely to permit the Private Placement, provided that prior to completion of the Private Placement, each investor will receive:
  - (a) a copy of the FFCTO;
  - (b) a copy of this partial revocation order; and
  - (c) written notice from the Issuer, to be acknowledged by each investor in writing, that all of the Issuer's securities, including the securities issued in connection with the Private Placement, will remain subject to the FFCTO until such orders are revoked and that the issuance of the partial revocation order does not guarantee the issuance of a full revocation in the future.

24 October 2019

"original signed by"  
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Timothy Robson  
Manager, Legal  
Corporate Finance  
Alberta Securities Commission